

FORM 10-K

Common stock, \$2.50 Par Value, 308,977 shares outstanding as of March 31, 2000.

Documents Incorporated by Reference

Document	Part of Form 10-K
"Consolidated Financial Statements for Years Ended December 31, 1999, 1998 and 1997 and Independent Auditors' Report"	Part I and Part II

Item 1: Business

Peoples Bancshares of Pointe Coupee Parish, Inc. (the Corporation) was incorporated under the laws of the State of Louisiana in 1983. On December 9, 1983, Peoples Bank and Trust Company (the Bank) was reorganized as a subsidiary of the Corporation. Prior to December 9, 1983, the corporation had no activity. The Corporation is currently engaged, through its subsidiary, in banking and related business. The Bank is the Corporation's principal asset and primary source of income.

The Bank

The Bank incorporated under the State Banking Laws in 1979 and received its charter on March 31, 1980. It is in the business of gathering funds by accepting checking, savings, and other time-deposit accounts and reemploying these by making loans and investing in securities and other interest bearing assets. The Bank is a full service commercial bank. Some of the major services which it provides include checking, NOW accounts, money market investments, money market checking, savings and other time deposits of various types, loans for business, agriculture, real estate, personal use, home improvement, automobile, and a variety of other types of loans and services including letters of credit, safe deposit rental, bank money orders, cashiers checks, credit cards, and wire transfers.

The State of Louisiana and various agencies of Parish (County) Government deposits public funds with the Bank. As of December 31, 1999, \$1,576,860 were on deposit representing 5.14% of total deposits outstanding. Of this total, \$1,501,818 represented demand deposits and \$75,042 were time deposits. The weighted average interest rate on these deposits was 4.47%. The maturity of these deposits range from fifteen days to twelve months.

The Bank's general and primary market area is in Pointe Coupee Parish which has a population of approximately 25,000. Population of Pointe Coupee has experienced little growth since inception of the bank.

The Bank faces keen competition from three other banks operating in nine locations throughout the parish. At present time, Peoples Bank has approximately the same asset base as Guaranty Bank. The largest bank in the parish as of December 31, 1999 was Regions Bank of Alabama, New Roads Branch, which had in excess of \$40 billion in assets nationwide. Regions Bank of Alabama acquired the former Bank of New Roads in August of 1994, and it operated as a separate bank until the summer of 1995, at which time it was merged into the Regions Bank of Louisiana system. Regions Bank of Louisiana was merged into Regions Bank of Alabama during 1998. The other banks operating in Pointe Coupee are Guaranty Bank and Trust Company which had total assets of approximately \$41 million as of December 31, 1999 and Cottonport Bank, which opened a branch in 1998 with assets of approximately \$140 million on December 31, 1999. Additional competition for deposits and loans comes from banks and non-banks (credit unions, brokerage houses, etc.) in Baton Rouge, the capital city of Louisiana, which is 35 miles from New Roads.

Supervision and Regulation

The Bank is subject to regulation and regular examinations by the State Banking Department and by the Federal Deposit Insurance Corporation. Applicable regulations relate to reserves, investments, loans, issuance of securities, establishment of branches and aspects of its operations.

The Corporation is a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (the Act), and is thereby subject to the provisions of the Act and to regulation by the Board of Governors of the Federal Reserve System (the Board).

The Act requires the Corporation to file with the Board an annual report containing such information as the Board may require. The Board is authorized by the Act to examine the Corporation and all its activities. The activities that may be engaged in by the Corporation and its subsidiary are limited by the Act to those so closely related to banking or managing or controlling banks, the Board must consider whether its performance by an affiliate of a holding company can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition or gains in efficiency that out-weigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices. The Board has adopted regulations implementing the provisions of the Act with respect to the activities of bank holding companies. Such regulations reflect a determination by the Board that the following activities are permissible for bank holding companies: (1) making, for its own account or for the account of others, loans such as would be made, for example, by a mortgage, finance or factoring company; (2) operating as an industrial bank; (3) servicing loans; (4) acting as a fiduciary; (5) acting as an investment trust or a real estate investment trust; (6) leasing personal or real property, where the lease is to serve as the functional equivalent of an extension of credit to the lessee of the property; (7) investing in community welfare corporations or projects; (8) providing bookkeeping and data processing services for a bank holding company and its subsidiaries, or storing and processing certain other banking, financial or related economic data; (9) acting as insurance agent or broker with respect to certain kinds of insurance, principally insurance issued in connection with extensions of credit by the holding company or any of its subsidiaries; (10) underwriting credit life and credit accident and health insurance related to extensions of credit; (11) providing courier services for documents and papers related to banking transactions; (12) providing management consulting advice to non-affiliated banks; and (13) selling money orders, travelers checks and U.S. Savings Bonds. In each case, the Corporation must secure the approval of the Board prior to engaging in any of these activities.

Whether or not a particular non-banking activity is permitted under the Act, the Board is authorized to require a holding company to terminate any activity, or divest itself of any non-banking subsidiary, if in its judgement the activity or subsidiaries would be unsound.

Under the Act the Board's regulations, a bank holding company and its subsidiaries are prohibited from engaging in certain tie-in arrangements in connection with any extension of credit or provision of any property or services.

The Board of Directors of the Corporation has no present plans or intentions to cause the Corporation to engage in any substantial business activity which would be permitted under the Louisiana Act but which is not permitted to the Bank; however, a significant reason for formation of the one-bank holding company is to take advantage of the additional flexibility afforded by that structure if the Board of Directors of the Corporation concludes that such action would be in the best interest of stockholders.

With certain exceptions, the Bank is restricted by Sections 22 and 23A of the Federal Reserve Act and Section 18(j) of the Federal Deposit Insurance Corporation Act from extending credit or making loans to or investments in the Corporation.

Statistical Information

The following tables contain additional information concerning the business and operations of the Registrant and its subsidiary and should be read in conjunction with the Consolidated Financial Statements of the Registrant and Management's Discussion and Analysis of Operations.

I. Distribution of Assets, Liabilities and Stockholders' Equity
Interest Rates and Interest Differential

(In Thousands)						
	Average Balance	1999 Amount Earned or Paid	Yield/ Rate	Average Balance	1998 Amount Earned or Paid	Yield/ Rate
Assets:	-----	-----	-----	-----	-----	-----
Interest earning assets						
Loans and Leases	\$ 30,891	\$ 2,950	9.55%	\$30,435	\$3,006	9.88%
Taxable securities	4,207	282	6.70%	5,114	313	6.12%
Tax exempt securities (tax equivalent yields)	645	38	8.98%	759	46	9.00%
Federal funds sold and time deposits with other banks	2,363	118	4.99%	1,892	100	5.29%
	-----	-----	-----	-----	-----	-----
Total interest earning assets	\$ 38,106	3,388	8.89	38,200	3,465	9.07%
	-----	-----	-----	-----	-----	-----
Non-interest earnings assets:						
Cash and due from banks	\$ 1,554			1,745		
Bank premises and equipment	650			670		
Other assets	862			777		
Allowance for Loan Losses	(828)			(873)		
	-----			-----		
Total assets	\$ 40,344			\$ 40,519		
	=====			=====		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest bearing Liabilities:						
Deposits						
Savings account	\$ 6,335	173	2.73%	\$5,930	162	2.73%
NOW accounts	2,826	95	3.36%	4,508	155	3.44%
Money market						
investment accounts	1,012	22	2.34%	1,025	24	2.34%
Other time deposits	16,176	773	4.78%	15,291	751	4.91%
Federal funds purchased and securities sold under agreements to repurchase	30	2	6.67%	300	18	6.00%
Other borrowed funds	468	27	5.77%	428	22	5.14%
	-----	-----	-----	-----	-----	-----
Total interest bearing Liabilities	\$26,847	1,092	4.07%	27,482	1,132	4.12%
	-----	-----		-----	-----	
Non-interest bearing Liabilities and stockholders' equity:						
Demand deposits	\$ 7,282			6,416		
Other Liabilities	383			350		
Stockholders' equity	5,832			6,271		
	-----			-----		
Total Liabilities and stockholders' equity	\$40,344			\$ 40,519		
	=====			=====		
Net interest income		\$2,296			\$2,333	
		=====			=====	
Margin Analysis						
Interest Income/earnings assets			8.89%			9.07%
Interest Expense/earnings assets			4.07%			4.12%
			-----			-----
Net interest income/earnings assets			4.82%			4.95%
			=====			=====

	1999 Compared with 1998 Variance due to				1998 Compared with 1997 Variance due to			
	Rate/				Rate/			
	Volume	Rate	Volume	Total	Volume	Rate	Volume	Total
INTEREST INCOME								
Loan and Leases	\$ 45	(101)	(2)	(58)	\$472	(\$117)	(\$21)	\$334
Taxable securities	(56)	30	(5)	(31)	162)	(7)	2	(167)
Tax exempt securities (tax equivalent yield)	(10)	-	-	(10)	--	1	--	1
Federal funds sold and time deposits with other banks	25	(6)	(1)	18	(71)	(7)	3	(75)
Total interest earning assets	4	(77)	(8)	(81)	239	(130)	(16)	93
INTEREST EXPENSE								
Savings accounts	11	--	--	11	--	3	--	3
NOW accounts	(59)	(4)	1	(62)	(14)	(5)	--	(19)
Money market investment accounts	(2)	--	--	(2)	(6)	(1)	--	(7)
Other time deposit	43	(20)	(1)	22	(36)	13	--	(23)
Federal funds purchased and securities sold under agreements to repurchase	(16)	2	(2)	(16)	17	--	--	17
Other borrowed funds	--	3	--	3	--	22	22	
Total interest bearing liabilities	(23)	(19)	(2)	(44)	(39)	10	22	(7)
Net interest income	\$ 27	(58)	(6)	(37)	\$278	(\$140)	(\$38)	\$100
	=====	=====	=====	=====	=====	=====	=====	=====

I. Investment Portfolio

For year ended December 31, 1999

Year	U.S. Treasury	Govt. Agency/ Mtg.	Munie	Total Costs	Fair Value
Within one year	\$ -	\$1,500,999	\$ 35,475	\$1,536,469	\$1,517,238
After one year but within 5 yrs	\$ -	\$2,766,032	\$ 92,847	\$2,858,879	\$2,792,038
After 5 yrs but within 10 yrs		\$ -	\$ 98,567	\$ 98,567	\$ 95,977
After 10 yrs		\$573,926	\$400,910	\$974,836	\$957,160
Total	\$ -	\$4,840,952	\$627,799	\$5,468,751	\$5,362,413
Avg. Yield	-	5.85%	5.49%		
% of Portfolio	-	88.52%	11.48%		

III. Loan Portfolio

Major Classification of loans are summarized as follows:
(in thousands)

For year ended Dec. 31,	1999	1998
Real Estate	\$5,502	\$4,766
Commercial	11,085	9,673
Agricultural	6,442	7,619
Individual	6,934	6,785
Other	589	279
	-----	-----
TOTAL LOANS:	30,552	29,122
Less Unearned Discount	-	-
	-----	-----
Net Loans	30,552	29,122

Loan Analysis of Principal Subject to Rate Change December 31, 1999

	1 Year or Less	Over 1 Year Less than 5	Over 5 Years
1. Commercial, Financial, Agricultural, Real Estate, Consumer and Other	\$16,663,607	\$10,474,695	\$3,097,922
Non-Accrual			315,579
Average Rate	9.23%	9.31%	9.33%

Non-performing Loans and Other Problem Assets

It is management's policy to discontinue accrual of interest on loans where there is reasonable doubt as to collectibility. The policy to place loans on non-accrual status is to normally discontinue accrual of interest when the loan is delinquent 90 days or more, or where circumstances indicate that collection of principal or interest is doubtful, unless the obligation is secured (1) by mortgage on real estate or pledge of securities that have a realizable value sufficient to pay the debt in full; or (2) by guarantee of a financially responsible party. The following tables presents the non-performing loans and other problem assets at December 31, 1999 and 1998. Assets acquired through the default of loans are recorded at the lower of the outstanding loan amount or fair market value of the assets acquired at the time of foreclosure. Reductions from outstanding loan amounts to fair market value are charged against the reserve for possible loan losses. Subsequent adjustments to market valuations are charged to operating expense.

	1999	1998
NON-ACCRUAL LOANS	\$315,579	\$103,312
Restructured Loans	89,282	89,582
Other Real Estate	144,522	181,925
	-----	-----
TOTAL NON-ACCRUAL & ORE	\$549,383	\$374,819
	=====	=====

Loans Over 90-days past due and still accruing interest:

	<u>1999</u>	<u>1998</u>
Commercial	\$ 117,467	\$ -0-
Agriculture	-0-	-0-
Student	10,622	7,700
Consumer	-0-	-0-
Real Estate	281,310	
	-----	-----
TOTAL OVER 90-DAYS	\$ 409,399	7,700
	=====	=====

The effect of non-accruing loans on interest income for 1999 was \$5,509. The effect of restructured loans on interest income for 1999 was \$1,340.

At December 31, 1999, there were no commitments to lend additional funds to debtors whose loans were considered to be non-performing.

All loans listed above are subject to constant attention by management and their progress is reviewed monthly.

At the present time, management does not track loan concentrations by particular industries, but rather by the grouping of types of loan, i.e., Agriculture, Real Estate, Consumer and Commercial. We attempt to avoid any undue concentration in any particular sector.

IV. Summary of Loan Loss Experience

Changes in the allowance for loan losses were as follows:

	<u>1999</u>	<u>1998</u>
Balance, January 1,	852,171	846,958
Provision charged to Operations	(57,629)	(46,000)
Loans charged off	(33,424)	(38,571)
Recoveries	40,427	89,784
	-----	-----
Balance December 31,	801,545	852,171
	=====	=====

In determining the adequacy of the loan loss reserves, management uses the following formulas: 100% of loans classified loss, 50% of doubtful loans, 5% of substandard loans, 0% of savings loans and government guaranteed loans and 1.5% of all other loan types. This analysis is performed on a quarterly basis.

V. Deposits

Deposits are summarized below:

	<u>December 31,</u>	
	<u>1999</u>	<u>1998</u>
Demand deposits accounts	\$ 5,700,546	\$ 6,967,973
NOW accounts	3,357,482	4,427,077
Savings accounts	6,021,428	6,313,596
Time accounts	15,582,544	15,447,867
	-----	-----
	\$30,662,000	\$33,156,513
	=====	=====

Included in deposits are approximately \$4,383,000 and \$4,266,000 of certificates of deposit in excess of \$100,000 at December 31, 1999 and 1998, respectively.

Certificate of Deposit Maturity and Rate Analysis

As of December 31, 1999:

	0-90 Days	91-364 Days	1 Year 5 Years	Over 5 Years
Total Certificates of Deposit	\$6,334,523	\$7,654,791	\$1,593,230	\$ -0-
Average Rate	4.71%	5.22%	5.27%	---

ITEM 2: Properties

The main office of the Corporation and Bank are presently located in a two-story office building on State Highway 3131, New Roads, Louisiana. The bank owns one branch located on State Highway 78, Livonia, Louisiana, which is approximately 13 miles from the main office. Additionally, in 1994 the bank purchased from its Other Real Estate portfolio the property directly behind the bank for \$75,000. This property was formerly an insurance building and lot. It was acquired in an exchange of properties from Farm Bureau Insurance. All locations are owned free of any mortgages or liens.

ITEM 3: Legal Proceedings

There is no threatened or pending litigation against the Corporation, the Bank, or its officers.

ITEM 4: Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5: Market Price Dividends on the Registrant's Common Equity and Related Stockholder Matters

The primary market area for the Corporation stock is Pointe Coupee Parish with Peoples Bank and Trust Company acting as registrar and transfer agent. There were approximately 575 shareholders of record as of December 31, 1999. The stock of the Corporation is not listed on any security exchange.

Due to lack of an active trading market, the Corporation does not have available information to furnish a high and low sales price on the range of bid and asked quotations for its stock. Based on limited inquiries by management, it is believed that less than 3,000 shares traded in 1999. There can be no assurance that the limited inquiries adequately reflect the marketability of the stock.

In March 1999 Peoples Bancshares declared a special dividend of \$.50 per share to all stockholders of record as of March 31, 1999, totaling \$154,289. Additionally, In December of 1999, Peoples Bancshares declared a dividend of \$.35 per share to all stockholders of record as of November 30, 1999, totaling \$108,142.

Management, will for the foreseeable future, approach the payment of dividends on an annual basis and according to the profitability of the bank in that particular year, as well as considering the long-term capital needs of the bank in the future.

ITEM 6: Selected Financial Data

Condensed Consolidated Statement of Income

For Year Ended Dec. 31,	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Interest Income	3,387,916	3,465,179	3,371,808	3,268,130	3,211,553
Interest Expense	1,091,748	1,131,970	1,139,117	1,115,370	1,004,653
Net Interest Income	2,296,168	2,333,209	2,232,691	2,152,760	2,206,900
Credit (Provision for Loan Losses)	57,629	46,000	-0-	32,000	32,000
Other non-interest income and expenses net	(1,049,184)	(1,004,289)	(853,166)	(836,731)	(846,548)
Income Tax (Expense) benefit	(416,321)	(452,387)	(465,439)	(442,004)	(469,001)
Net Income (Loss)	888,292	922,533	914,086	906,025	923,351
Per Share:					
Net (Income)	\$2.88	\$2.99	\$2.96	\$2.94	\$2.99
Cash Dividend	\$262,430	\$262,288	\$200,575	\$200,575	\$154,289
Book Value-End of Year	24.08	22.41	20.21	17.90	15.72
Selected Ratios					
Loans to Asset	77.70	71.17	71.52	58.69	56.38
Loans to Deposits	99.64	87.83	85.47	68.51	65.71
Deposits to Assets	77.98	81.03	83.69	85.66	85.80
Capital to Assets	18.92	16.90	15.85	14.02	13.86
Capital to Deposits	24.27	20.85	18.95	16.36	16.16
Return on Avg. Assets	2.26	2.27	2.32	2.34	2.64
Return on Avg. Equity	12.31	14.70	15.82	17.42	20.77
Dividend Payout Ratio	.30	.28	.22	.22	.17

ITEM 7: Management Discussion and Analysis of Financial Condition
and Results of Operation

Peoples Bancshares of Pointe Coupee Parish, Inc., (Bancshares) is a one bank holding company whose sole subsidiary is Peoples Bank and Trust Company of Pointe Coupee Parish, Inc., (the Bank). All items discussed below are attributable to the activities of the Bank unless otherwise stated. This section should be read in conjunction with the consolidated financial statements and related notes and the tables presented in an earlier section of this report.

Year 2000

As a result of planning and preparation, the Y2K date changeover was met without any problems. Costs directly attributable to Y2K Compliance was less than \$7,000.

Merger Discussions Terminated

All merger discussions between Peoples Bancshares and Great Guaranty Bancshares ceased in the second quarter of 1999.

FINANCIAL REVIEW

Summary

Bancshares consolidated net income for 1999 was \$888,292. This represents a Return on Average Assets of 2.26%, which we believe is a good return. This is in comparison to 2.27% for 1998 and 2.32% in 1997.

Several factors contributed to this continued success. The most important factors were: 1) good interest rate margins; 2) a low level of classified assets; and 3) elimination of loan loss provisions.

In 1999, charge-offs were \$33,424 as compared to \$38,571 in 1998, while at the same time we reduced the reserve by \$57,629 and recovered \$40,427. Provisions for 1998 were \$-0- and recoveries were \$35,538.

The prospects for 2000 remain encouraging. The bank continues to note financial stability and deem our reserves as adequate. As a result, the projections for income are good. Additionally, Peoples Bank is deemed to be a well capitalized institution within the guidelines of the FDIC.

However, we still remain conservative in our view of the economy and current management will maintain that philosophy throughout 2000.

Other Income and Expenses

Other Income, excluding loan related income, increased \$ 81,499 or 16.01% in 1999 as compared to 1998. The increase was due to a difference in fee income and rental income.

Other expenses, excluding interest expense increased by \$126,394 or 8.35% in 1999 as compared to 1998. Salaries and employee benefits increased \$62,806 or 7.60%.

Income Taxes

Bancshares files a consolidated federal income tax return. Deferred income taxes are provided using the liability method on items of income or expenses recognized in different time periods for financial statement and income tax purposes.

Statement of Condition

Total deposits as of December 31, 1999 decreased \$2,494,048 or 7.52% as compared to year end 1998. Non-interest bearing deposits increased \$1,266,962 or 18.18% and interest bearing deposits decreased \$1,227,086 or 4.69%. Total loans excluding loan reserves increased \$1,430,119 or 4.91% and cost of investment securities increased \$444,551 or 8.85%. The increase in loans was concentrated primarily in commercial and real estate loans. The increase in loans along with the decrease in deposits accounted for the decrease in the federal funds purchased.

Liquidity Management

The purpose of liquidity management is to assure the corporation's ability, at an acceptable cost, to raise funds to support asset growth, meet deposit withdrawals, and otherwise operate the Corporation on a continuing basis. The overall liquidity position of the bank is insured by acquisition of additional funds in the form of time deposits, borrowings such as Federal Funds, Federal Home Loan Bank borrowings, and the sale of maturing of investments.

In management's opinion, there are no known trends, commitments or uncertainties that will or should have a material effect on deposits or the liquidity position. Additionally, no trends or events were cited by the regulatory authorities.

Capital Adequacy

The management of capital is a continuous process which consists of providing capital for the current position and the anticipated future growth of the Corporation. The purposes of capital are to serve as a source of funds, protect depositors against losses, and provide a measure of reassurance to the public that the community's needs will continue to be served. Since capital serves a multiplicity of purposes, the evaluation of capital adequacy cannot be made solely in terms of total capital or related ratios.

Traditionally, the source of additional capital has been retained earnings. Due to strong earnings from 1990 - 1999, and large recoveries of charged-off loans, our capital ratio is at an acceptable level. As such, retained earnings should continue to provide needed capital. Additionally, we will concentrate on the following to provide for our capital needs:

1. Increase non-interest income and reduce non-interest expenses
2. Maintain an adequate interest rate spread
3. Actively pursue previous charged-off loans for recoveries
4. Manage our growth rate

Furthermore, the prospects for 2000 continue to be encouraging. Our capital base continued to grow in 1999; our loan loss reserve is adequate; our net income was extremely good with a Return on Average Assets of 2.26%; loan delinquencies continue to be manageable, although there was an increase in delinquencies over 1998; and classified assets have remained at a manageable level.

ECONOMIC CONDITIONS

Current economic conditions are slightly above average compared to the previous (5) five years, but are certainly not great. Our asset/liability management strategy helped produced good margins in 1999. However, our strategies remain conservative; therefore, we are positioned as interest rates continue to fluctuate.

Item 8: Financial Statements (following on next pages)

Item 9: Changes in and Disagreements with Accountants on Accounting and
Financial Disclosure

None

PART III

Item 10: Directors and Executive Officers

Directors of Bancshares are identified in the following table:

Name Principal Occupation	Age	Type of Stock Ownership	Amount Owned	Percent of Total
Joseph Jefferson David	80	Direct	30,638	9.916
Stephen P. David	42	Direct	4,122	1.334
President and CEO of Peoples Bancshares of Pointe Coupee and Peoples Bank & Trust Company		Indirect	19,577	6.336
Frank Ned Foti	64	Direct	24,561	7.949
C. E. Hebert, III	56	Direct	5,588	1.809
Junies W. Hurst	88	Direct	3,888	1.258
Clyde Walker Kimball	58	Direct	5,014	1.623
Camille N. Laborde	72	Direct	5,028	1.627
Norris A. Melancon, Jr.	72	Direct	20,491	6.632
Thomas W. Montgomery, III	60	Direct	3,588	1.161
Joseph Major Thibaut	46	Direct	600	.194
		Indirect	1,000	.324
Rodney Fontaine	48	Direct	500	.162
		Indirect	1,960	.634
Maurice Picard	52	Direct	400	.129
			-----	-----
All Directors and Principal Officers as a Unit (12 Persons)		Direct	104,418	33.795
		Indirect	22,537	7.294

MANAGEMENT OF THE BANK AND BANCSHARES

Employees

On December 31, 1999, there were twenty full time employees. This includes the officers of the Corporation and Bank listed below:

Officers

Name	Age	Position Currently Held
Stephen P. David	42	President and CEO of Peoples Bancshares and Peoples Bank and Trust Company
Joyce A. York	52	Vice President and Cashier of Peoples Bank
R. Blain Houston	27	Loan Officer of Peoples Bank
Robin Cashio	49	Branch Manager of Peoples Bank
Kenneth R. Ramagos	44	Assistant Vice - President and Loan Officer of Peoples Bank
Melissa Laborde	36	Loan Review Officer of Peoples Bank
Mary Posey	41	Loan Collections Officer
Annie LeBlanc	66	Customer Account Officer

Ms. York has been with Peoples Bank since inception. Mr. David was elected an officer of the Bank in December of 1983.

Stephen P. David, Director, CEO, and President of Bancshares and the Bank, age 42. Mr. David joined the Bank on August 3, 1981 and has held many positions, including, Loan Officer; Assistant Vice President; Senior Loan Officer; Senior Vice-President and Assistant Secretary to the Board of Directors prior to being named to his current post on February 1, 1990.

Bancshares was formed in 1983 and became the Bank's sole shareholder on December 27, 1983, at which time all directors of the Bank became directors of Bancshares. Dates prior to that time reflects service as a Director of the Bank.

Joseph Jefferson David is the father of Stephen P. David.

Item 11: Executive Compensation

a) Remuneration of Directors and Officers:

All Executive Officers (President David & Vice President York) had direct cash compensation of \$200,920, \$190,732, and \$181,400 excluding board fees, but including bonuses in 1999, 1998, and 1997, respectively.

On September 17, 1981, the Board of Directors of the Bank approved a profit sharing plan which conforms to the Internal Revenue Code, Section 401(a). All employees who have been employed by the Bank for a period of six months or more; who are 25 years of age; and who have at least 1,000 hours of service annually may participate in the profit sharing plan. No contributions were made to the plan in 1999.

In January 1990 the Board of Directors approved a 401(k) savings plan which conforms to the Internal Revenue Code. All employees who have been employed by the bank for a period of six months or more were eligible to participate in the plan. Contributions by the bank in 1999 totaled \$16,201. The accrued amount at year end totaled \$591,712.

The Bank has a deferred compensation plan available to its directors. At present only two directors are participating. Upon retirement, the Bank will pay the director his deferred compensation plus interest, which accrues at the "low Wall Street rate", in 15 equal annual installments beginning the month after retirement. Upon pre-retirement death, the bank will pay his designated beneficiaries the greater of \$8,400 a year for 15 years or his deferred compensation and accrued interest. The bank is the owner and beneficiary of an insurance policy on the life of the director.

The Bank also maintains a supplemental executive retirement plan with its president. Upon retirement, the president will receive \$25,000 per year for 20 years, beginning immediately. The bank is the owner and beneficiary of an insurance policy on the life of the president. If employment is terminated "without cause" prior to retirement, the bank will pay the president his accrued benefit, which is based on the number of months of completed service since January, 1996.

The Board of Directors of Bancshares held twelve (12) regular scheduled meetings during 1999. The Board of Directors of the Bank held twelve (12) regularly scheduled meetings. The Bank has a personnel committee which met one (1) times during 1999, and a loan committee which met nineteen (19) times during the year. The Board of Directors held no special meeting during 1999. The Bank also has an audit committee and executive committee which did not meet during 1999.

The Board of Directors of Bancshares and the Bank do not have a nomination committee.

Directors of Bancshares receive no remuneration for serving in that capacity. Each director of the Bank received a fee of \$500 for each regular board meeting. Members of each committee receive \$75 per meeting attended.

Item 12: Security Ownership of Certain Beneficial Owners and Management

As of March 31, 2000, Peoples Bancshares had authorized 1,000,000 shares of common stock and of this amount, 308,977 shares were outstanding. Additionally, as of this date, Peoples Bancshares had authorized but unissued 500,000 shares of Series A Preferred stock and 500,000 shares of Series B Preferred stock.

As of March 31, 2000 the management of Bancshares knew of no other person or group that owned 5% or more of the outstanding stock of Bancshares other than Mr. N. A. Melancon, Jr., with 20,491 shares representing 6.632%; Mr. Frank N. Foti with 24,561 shares representing 7.949%; Mr. J. Jeff David with 30,638 shares representing 9.916% and William C. David* with 19,477 shares representing 6.304%.

*William C. David has granted a Proxy Authority to his brother, Stephen P. David.

Item 13: Certain Relationships & Related Transactions

b) Transactions with Management:

From time to time the Bank has extended credit to its Officers and Directors and to businesses in which Officers and Directors own an interest; and the Bank intends to continue this policy because of the deposits, business and the income that these activities generate for the Bank. Such loans are made only with the approval of the Board of Directors.

At no time in 1999 did these transactions exceed 10% of the equity capital, except for those matters noted below.

All directors and officers as a group had total loans outstanding at year end 1999 and 1998 of \$1,441,636 and \$1,382,362 respectively.

PART IV

Item 14: EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

A. (1) Financial Statements

The financial statements are listed under Part II, Item 8 of this Report

(2) Financial Statement Schedules

The financial statement schedules are listed under Part II, Item 8 of this Report.

B. Reports on Form 8-K

None

C. Exhibits

None

Signatures

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the under signed, thereunto duly authorized.

PEOPLES BANCSHARES OF POINTE COUPEE
PARISH, INC.

By: _____
Joseph M. Thibaut, Sr.
Chairman

Pursuant to the Requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Joseph Jefferson David
Director

Clyde Walker Kimball
Director

Frank Ned Foti
Director

Camille N. LaBorde
Director

Norris A. Melancon, Jr.
Director

C. E. Hebert, III
Director and Secretary

Stephen P. David
President/CEO and Director

Junies W. Hurst
Director

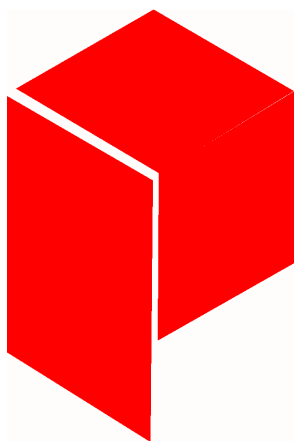
Thomas W. Montgomery, III
Director

Joseph Major Thibaut
Director

Rodney G. Fontaine
Director

Maurice Picard
Director

*Peoples Bancshares of
Pointe Coupee Parish, Inc.
& Subsidiary*



1999 Financial Statements

PEOPLES BANCSHARES OF POINTE COUPEE
PARISH, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1999 AND 1998

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
Peoples Bancshares of Pointe Coupee Parish, Inc.
New Roads, Louisiana

We have audited the accompanying consolidated statements of financial condition of Peoples Bancshares of Pointe Coupee Parish, Inc. and Subsidiary as of December 31, 1999 and 1998, and the related consolidated statements of operations and comprehensive income, changes in stockholders' equity and cash flows for each of the years during the three year period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Peoples Bancshares of Pointe Coupee Parish, Inc. and Subsidiary as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the years during the three year period ended December 31, 1999, in conformity with generally accepted accounting principles.

Postlethwaite & Netterville

Baton Rouge, Louisiana
January 21, 2000

**PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA**

**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 1999 AND 1998**

A S S E T S

	<u>1999</u>	<u>1998</u>
Cash and due from banks	\$ 738,632	\$ 1,691,500
Interest-bearing deposits in other banks	394,000	394,000
Federal funds sold	1,625,000	4,025,000
Securities available-for-sale	5,362,413	5,085,042
Loans, less allowances for loan losses of \$801,545 and \$852,171 at December 31, 1999 and 1998, respectively	29,750,258	28,269,513
Accrued interest receivable	564,920	513,129
Bank premises and equipment, net of accumulated depreciation	626,639	673,598
Foreclosed real estate	144,522	176,925
Other assets	<u>116,297</u>	<u>87,751</u>
 TOTAL ASSETS	 <u><u>\$ 39,322,681</u></u>	 <u><u>\$ 40,916,458</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>1999</u>	<u>1998</u>
<u>LIABILITIES</u>		
Deposits:		
Noninterest-bearing	\$ 5,701,011	\$ 6,967,973
Interest-bearing	<u>24,961,454</u>	<u>26,188,540</u>
Total deposits	30,662,465	33,156,513
Other borrowed funds	1,000,000	628,000
Accrued interest payable	114,376	100,369
Other liabilities	<u>105,442</u>	<u>115,937</u>
Total liabilities	<u>31,882,283</u>	<u>34,000,819</u>
<u>COMMITMENTS AND CONTINGENCIES</u>	-	-
<u>STOCKHOLDERS' EQUITY</u>		
Common stock; \$2.50 par value; 1,000,000 shares authorized; 309,677 shares issued; and 308,977 and 308,577 shares outstanding at December 31, 1999 and 1998, respectively	774,193	774,193
Capital surplus	1,530,320	1,525,808
Retained earnings	5,214,344	4,588,482
Accumulated other comprehensive income	<u>(70,183)</u>	<u>40,156</u>
	7,448,674	6,928,639
Less: 700 shares and 1,100 shares held in treasury at December 31, 1999 and 1998, respectively - at cost	<u>(8,276)</u>	<u>(13,000)</u>
Total stockholders' equity	<u>7,440,398</u>	<u>6,915,639</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 39,322,681</u></u>	<u><u>\$ 40,916,458</u></u>

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
<u>INTEREST INCOME</u>			
Interest on loans	\$ 2,949,718	\$ 3,006,132	\$ 2,671,661
Interest on available-for-sale securities	319,632	358,338	525,504
Interest on federal funds sold	98,125	76,353	128,333
Interest on deposits in other banks	20,441	24,356	46,310
Total interest income	<u>3,387,916</u>	<u>3,465,179</u>	<u>3,371,808</u>
<u>INTEREST EXPENSE</u>			
Interest on deposits	1,062,992	1,092,939	1,138,820
Interest on federal funds purchased	1,863	18,085	297
Interest on other borrowed funds	26,893	20,946	-
	<u>1,091,748</u>	<u>1,131,970</u>	<u>1,139,117</u>
<u>NET INTEREST INCOME</u>	2,296,168	2,333,209	2,232,691
Provision (credit) for loan losses	<u>(57,629)</u>	<u>(46,000)</u>	<u>-</u>
<u>NET INTEREST INCOME AFTER PROVISION (CREDIT) FOR LOAN LOSSES</u>	<u>2,353,797</u>	<u>2,379,209</u>	<u>2,232,691</u>
<u>NON-INTEREST INCOME</u>			
Service charges on deposit accounts	136,122	122,414	125,120
Other service charges and fees	364,313	321,839	315,775
Net realized gains on sales of available-for-sale securities	8,587	2,505	14,973
Other income	81,468	62,233	168,152
Total other income	<u>590,490</u>	<u>508,991</u>	<u>624,020</u>

The accompanying notes are an integral part of these consolidated financial statements.

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
<u>NON-INTEREST EXPENSES</u>			
Salaries and employee benefits	\$ 889,118	\$ 826,312	\$ 846,795
Occupancy expenses	166,605	160,318	148,939
Data processing expenses	104,024	107,173	72,783
Deposit insurance premiums	17,621	17,022	14,787
Other operating expenses	462,306	402,455	393,882
Total other expenses	<u>1,639,674</u>	<u>1,513,280</u>	<u>1,477,186</u>
<u>INCOME BEFORE INCOME</u>			
<u>TAX EXPENSE</u>	1,304,613	1,374,920	1,379,525
Income tax expense	<u>416,321</u>	<u>452,387</u>	<u>465,439</u>
<u>NET INCOME</u>	888,292	922,533	914,086
<u>OTHER COMPREHENSIVE INCOME</u>			
Unrealized holding gains (losses) arising during the period, net of taxes	(101,752)	21,145	11,888
Less: reclassification adjustment for realized gains	(8,587)	(2,505)	(523)
	<u>(110,339)</u>	<u>18,640</u>	<u>11,365</u>
<u>COMPREHENSIVE INCOME</u>	<u>\$ 777,953</u>	<u>\$ 941,173</u>	<u>\$ 925,451</u>
<u>Per common share data:</u>			
Net income	<u>\$ 2.88</u>	<u>\$ 2.99</u>	<u>\$ 2.96</u>
Cash dividends	<u>\$ 0.85</u>	<u>\$ 0.85</u>	<u>\$ 0.65</u>
Average number of shares outstanding	<u>308,777</u>	<u>308,577</u>	<u>308,577</u>

The accompanying notes are an integral part of these consolidated financial statements.

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

	Common Stock		Capital
	Shares	Amount	Surplus
Balance at December 31, 1996	309,677	\$ 774,193	\$ 550,808
Net income	-	-	-
Net change in unrealized gain (loss) on available-for-sale securities, net of deferred income taxes of \$5,854	-	-	-
Cash dividends paid	-	-	-
Board designated transfer from retained earnings to capital surplus	-	-	975,000
Balance at December 31, 1997	309,677	774,193	1,525,808
Net income	-	-	-
Net change in unrealized gain (loss) on available-for-sale securities, net of deferred income taxes of \$9,602	-	-	-
Cash dividends paid	-	-	-
Balance at December 31, 1998	309,677	774,193	1,525,808
Net income	-	-	-
Net change in unrealized gain (loss) on available-for-sale securities, net of deferred income taxes of \$56,841	-	-	-
Sale of 400 shares of common stock held in the treasury	-	-	4,512
Cash dividends paid	-	-	-
Balance at December 31, 1999	309,677	\$ 774,193	\$ 1,530,320

The accompanying notes are an integral part of these consolidated financial statements.

Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock		Total Stockholders' Equity
		Shares	Amount	
\$ 4,189,726	\$ 10,151	1,100	\$ (13,000)	\$ 5,511,878
914,086	-	-	-	914,086
-	11,365	-	-	11,365
(200,575)	-	-	-	(200,575)
(975,000)	-	-	-	-
3,928,237	21,516	1,100	(13,000)	6,236,754
922,533	-	-	-	922,533
-	18,640	-	-	18,640
(262,288)	-	-	-	(262,288)
4,588,482	40,156	1,100	(13,000)	6,915,639
888,292	-	-	-	888,292
-	(110,339)	-	-	(110,339)
-	-	(400)	4,724	9,236
(262,430)	-	-	-	(262,430)
<u>\$ 5,214,344</u>	<u>\$ (70,183)</u>	<u>700</u>	<u>\$ (8,276)</u>	<u>\$ 7,440,398</u>

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net income	\$ 888,292	\$ 922,533	\$ 914,086
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sales of other real estate	(9,297)	(2,950)	(823)
Loss (gain) on sales of other assets	526	3,760	(119,980)
Net realized gains from sales and maturities of available-for-sale securities	(8,587)	(2,505)	(14,973)
Net accretion of investment security discounts / amortization of investment security premiums	6,815	12,270	3,262
Provision (credit) for loan losses	(57,629)	(46,000)	-
Provision for foreclosed real estate	4,500	-	-
Depreciation	62,200	60,714	55,718
Net changes in operating assets and liabilities:			
Accrued interest receivable	(51,791)	24,617	19,012
Other assets	28,296	(44,204)	9,585
Accrued interest payable	14,007	4,474	2,485
Other liabilities	(10,495)	31,220	39,877
Net cash provided by operating activities	<u>866,837</u>	<u>963,929</u>	<u>908,249</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from sales and maturities of available-for-sale securities	2,282,152	6,139,493	6,740,227
Purchases of available-for-sale securities	(2,724,932)	(4,011,896)	(4,546,187)
Net decrease in interest-bearing deposits in other banks	-	99,000	590,000
Net decrease (increase) in federal funds sold	2,400,000	(3,225,000)	2,950,000
Net increase in loans	(1,447,140)	(1,122,940)	(5,101,067)
Proceeds from sales of other assets	4,968	12,650	131,382
Proceeds from sales of other real estate owned	56,450	18,000	10,000
Proceeds from sales of bank premises and equipment	-	-	300
Purchases of bank premises and equipment	(15,961)	(49,212)	(73,569)
Net cash provided by (used in) investing activities	<u>555,537</u>	<u>(2,139,905)</u>	<u>701,086</u>

The accompanying notes are an integral part of these consolidated financial statements.

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Net increase (decrease) in noninterest-bearing demand deposit accounts, savings accounts, and NOW accounts	\$ (2,628,725)	\$ 498,561	\$ 131,840
Net increase (decrease) in time deposits	134,677	(261,872)	(973,601)
Net increase in other borrowed funds	372,000	628,000	-
Proceeds from sales of treasury stock	9,236	-	-
Dividends paid	(262,430)	(262,288)	(200,575)
Net cash provided by (used in) financing activities	<u>(2,375,242)</u>	<u>602,401</u>	<u>(1,042,336)</u>
 Net increase (decrease) in cash and due from banks	 (952,868)	 (573,575)	 566,999
Cash and due from banks - beginning of year	<u>1,691,500</u>	<u>2,265,075</u>	<u>1,698,076</u>
Cash and due from banks - end of year	<u><u>\$ 738,632</u></u>	<u><u>\$ 1,691,500</u></u>	<u><u>\$ 2,265,075</u></u>
 <u>Supplemental disclosures of cash flow information</u>			
Cash paid for interest	<u><u>\$ 1,077,741</u></u>	<u><u>\$ 1,127,496</u></u>	<u><u>\$ 1,136,632</u></u>
Cash paid for income taxes	<u><u>\$ 398,793</u></u>	<u><u>\$ 468,120</u></u>	<u><u>\$ 424,671</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of Peoples Bancshares of Pointe Coupee Parish, Inc. (Bancshares) and its subsidiary conform to generally accepted accounting principles and to the prevailing practices within the banking industry. A summary of significant accounting policies is as follows:

Basis of presentation

The consolidated financial statements include the accounts of Bancshares and its wholly owned subsidiary, Peoples Bank and Trust Company (the Bank). All significant intercompany accounts and transactions have been eliminated in consolidation.

Nature of operations

Substantially all of the assets, liabilities, and operations presented in the consolidated financial statements are attributable to Peoples Bank and Trust Company. The Bank provides a variety of banking services to individuals and businesses primarily in and around Pointe Coupee Parish, Louisiana. Its primary deposit products are demand deposits, savings deposits, and certificates of deposits, and its primary lending products are agriculture, commercial, business, real estate, and consumer loans.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral.

The Bank's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the Bank has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions and the agricultural industry.

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Use of estimates (continued)

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Bank to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Investment securities

The Bank's investments in securities are classified as available-for-sale securities and consist of bonds, notes, and debentures that are available to meet the Bank's operating needs. These securities are reported at fair value as determined by quoted market prices.

Unrealized holding gains and losses, net of tax, on available-for-sale securities are reported as a net amount in other comprehensive income. Gains and losses on the sale of investment securities are determined using the specific-identification method. Realized gains (losses) on the sales and maturities of investment securities are classified as non-interest income and reported as a reclassification adjustment in other comprehensive income.

Loans receivable

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal adjusted for any charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans.

The accrual of interest on impaired loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received.

The allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Bank's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and current economic conditions.

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreclosed real estate

Real estate properties acquired through, or in lieu of, loan foreclosure are to be sold and are initially recorded at fair value at the date of foreclosure, establishing a new cost basis. After foreclosure, valuations are periodically performed by management, and the real estate is subsequently carried at the lower of carrying amount or fair value, less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in loss on foreclosed real estate.

Bank premises and equipment

Land is carried at cost. Bank premises and equipment are stated at cost less accumulated depreciation, which is computed using straight-line and accelerated methods over the estimated useful lives of the assets, which range from 3 to 30 years.

Income taxes

Provisions for income taxes are based on taxes payable or refundable for the current year (after exclusion of non-taxable income such as interest on state and municipal securities) and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled as prescribed in Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Net Income per share

Net income per share of common stock has been computed on the basis of the weighted average number of shares of common stock outstanding.

Comprehensive income

Comprehensive income is the change in stockholders' equity during the period from transactions and other events and circumstances from non-owner sources. Comprehensive income includes the change in unrealized gains (losses), net of taxes, on available-for-sale securities during the period.

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For purposes of presentation in the consolidated statements of cash flows, cash and cash equivalents are defined as those amounts included in the balance sheet caption "cash and due from banks."

Off-balance sheet financial instruments

In the ordinary course of business, the Bank has entered into off-balance sheet financial instruments consisting of commitments to extend credit, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded in the financial statements when they are funded or related fees are incurred or received.

Fair values of financial instruments

Statement of Financial Accounting Standards (SFAS) No. 107, *Disclosures about Fair Value of Financial Instruments*, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of Bancshares.

The following methods and assumptions were used by Bancshares in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents - the carrying amounts of cash and cash equivalents approximate their fair values.

Interest-bearing deposits in other banks - fair values for interest-bearing deposits in other banks are estimated using a discounted cash flow analysis that applies interest rates currently being offered on certificates to a schedule of aggregated contractual maturities on such time deposits.

Investment securities - fair values for investment securities are based on quoted market prices, where applicable. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Fair values of financial instruments (continued)

The following methods and assumptions were used by Bancshares in estimating its fair value disclosures for financial instruments:

Loans receivable - for variable-rate loans that reprice frequently and have no significant change in credit risk, fair values are based on carrying values. Fair values for certain mortgage loans (i.e., one-to-four family residential), credit card loans, and other consumer loans are based on quoted market prices of similar loans sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. Fair values for commercial real estate and commercial loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values for impaired loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

Deposit liabilities - the fair values disclosed for demand deposits are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The carrying amounts of variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Short-term borrowings - the carrying amounts of other short-term borrowings maturing within 90 days approximate their fair values. Fair values of other short-term borrowings are estimated using discounted cash flow analyses based on the incremental borrowing rates for similar types of borrowing arrangements.

Accrued interest - the carrying amounts of accrued interest approximate their fair values.

Off-balance sheet instruments - fair values for off-balance sheet lending commitments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing.

Reclassification

Certain amounts in the 1998 and 1997 consolidated financial statements have been reclassified to conform with the current year presentation.

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. **INVESTMENT SECURITIES**

Debt and equity securities have been classified in the consolidated statements of financial condition according to management's intent. Securities classified as available-for-sale consisted of the following:

	<u>December 31, 1999</u>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
U.S. Treasury securities and obligations of other governmental entities	\$ 3,964,294	\$ 1,278	\$ 84,904	\$ 3,880,668
Mortgage-backed securities	1,126,057	23	22,735	1,103,345
Other	<u>378,400</u>	<u>-</u>	<u>-</u>	<u>378,400</u>
	<u>\$ 5,468,751</u>	<u>\$ 1,301</u>	<u>\$ 107,639</u>	<u>\$ 5,362,413</u>

	<u>December 31, 1998</u>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
U.S. Treasury securities and obligations of other governmental entities	\$ 3,251,067	\$ 62,009	\$ 1,479	\$ 3,311,597
Mortgage-backed securities	1,421,533	3,295	2,983	1,421,845
Other	<u>351,600</u>	<u>-</u>	<u>-</u>	<u>351,600</u>
	<u>\$ 5,024,200</u>	<u>\$ 65,304</u>	<u>\$ 4,462</u>	<u>\$ 5,085,042</u>

Realized gains on sales of securities during the years ended December 31, 1999, 1998, and 1997 were as follows:

	<u>1999</u>	<u>1998</u>	<u>1997</u>
U.S. Treasury securities and obligations of other governmental entities	\$ 8,587	\$ 2,505	\$ 7,582
Mortgage-backed securities	<u>-</u>	<u>-</u>	<u>7,391</u>
	<u>\$ 8,587</u>	<u>\$ 2,505</u>	<u>\$ 14,973</u>

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. **INVESTMENT SECURITIES** (continued)

The amortized costs and estimated market values of debt securities at December 31, 1999, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	<u>Amortized Cost</u>	<u>Fair Value</u>
Within one year	\$ 1,536,469	\$ 1,517,239
Greater than one but within five years	2,858,880	2,792,037
Greater than five but within ten years	98,566	95,977
Greater than ten years	<u>974,836</u>	<u>957,160</u>
	<u>\$ 5,468,751</u>	<u>\$ 5,362,413</u>

Investment securities with carrying values of approximately \$2,250,860 and \$2,110,000 at December 31, 1999 and 1998, respectively, were pledged to secure public deposits and for other purposes as required or permitted by law.

3. **LOANS**

The components of loans in the consolidated statements of financial condition were as follows:

	<u>1999 (in thousands)</u>	<u>1998 (in thousands)</u>
Agricultural loans	\$ 6,442	\$ 7,619
Commercial loans	11,085	9,673
Real estate loans	5,502	4,766
Consumer loans	6,934	6,785
Other	<u>589</u>	<u>279</u>
	30,552	29,122
Less: allowance for loan losses	<u>(802)</u>	<u>(852)</u>
Loans, net	<u>\$ 29,750</u>	<u>\$ 28,270</u>

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. **LOANS** (continued)

Changes in the allowance for loan losses during the years ended December 31, 1999, 1998, and 1997 were as follows:

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Balance - beginning of year	\$ 852,171	\$ 846,958	\$ 920,601
Provision credited to operations	(57,629)	(46,000)	-
Loans charged-off	(33,424)	(38,571)	(109,181)
Recoveries	<u>40,427</u>	<u>89,784</u>	<u>35,538</u>
Balance - end of year	<u>\$ 801,545</u>	<u>\$ 852,171</u>	<u>\$ 846,958</u>

Impairment of loans having recorded investments of \$404,860 at December 31, 1999, and \$192,894 at December 31, 1998, has been recognized in conformity with SFAS No. 114, *Accounting by Creditors for Impairment of a Loan*, as amended by SFAS No. 118. The average recorded investment in impaired loans during 1999 and 1998 was approximately \$205,570 and \$320,000, respectively. The total allowances for loan losses related to these loans was \$22,500 at both December 31, 1999 and 1998.

Interest income on impaired loans, which is recognized when cash payments are received, totalled approximately \$7,000, \$8,000, and \$10,000 during the years ended December 31, 1999, 1998, and 1997, respectively.

The Bank transferred approximately \$24,024 and \$187,468 of real estate acquired in settlements of loans to other real estate owned and other assets during the years ended December 31, 1999 and 1998, respectively.

The Bank is not committed to lend additional funds to debtors whose loans have been modified.

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. **BANK PREMISES AND EQUIPMENT**

Major classifications of bank premises and equipment are summarized as follows:

	<u>1999</u>	<u>1998</u>
Land	\$ 100,081	\$ 100,081
Buildings and improvements	883,473	876,819
Equipment	<u>509,233</u>	<u>513,844</u>
	1,492,787	1,490,744
Less: accumulated depreciation	(866,148)	(817,146)
	<u>\$ 626,639</u>	<u>\$ 673,598</u>

Depreciation expense amounted to \$62,200, \$60,714, and \$55,718 during the years ended December 31, 1999, 1998, and 1997, respectively.

5. **DEPOSITS**

Deposits are summarized below:

	<u>1999</u>	<u>1998</u>
Demand deposit accounts	\$ 5,701,011	\$ 6,967,973
NOW accounts	3,357,017	4,427,077
Savings accounts	6,021,428	6,313,596
Time accounts	<u>15,582,544</u>	<u>15,447,867</u>
	<u>\$ 30,662,000</u>	<u>\$ 33,156,513</u>

At December 31, 1999, the scheduled maturities of all outstanding certificates of deposit were as follows:

<u>During the year ending December 31,</u>	<u>Amount</u>
2000	\$ 13,989,313
2001	1,053,796
2002	380,793
2003	<u>158,642</u>
	<u>\$ 15,582,544</u>

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. DEPOSITS (continued)

Included in deposits are approximately \$4,383,000 and \$4,266,000 of certificates of deposit in excess of \$100,000 at December 31, 1999 and 1998, respectively. Interest expense on such deposits was approximately \$239,627, \$198,000, and \$200,000 during the years ended December 31, 1999, 1998, and 1997, respectively.

6. OTHER BORROWED FUNDS

The Bank has established a line-of-credit for approximately \$4,250,000 with the Federal Home Loan Bank (FHLB) to provide an additional source of operating capital. The current advances, which totalled \$1,000,000 and \$628,000 at December 31, 1999 and 1998, respectively, bore interest at 6.000% and 5.275% at December 31, 1999 and 1998, respectively.

This line of credit is secured by \$378,400 of FHLB stock owned by the Bank and all wholly-owned residential (1-4 units) first mortgage loans.

7. INCOME TAXES

The source and tax effect of items reconciling income tax expense to the amount computed by applying the federal income tax rates in effect to income before income tax expense for the years ended December 31, 1999, 1998, and 1997 were as follows:

	<u>1999</u>		<u>1998</u>		<u>1997</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Income before income tax expense	<u>\$ 1,304,613</u>	<u>100.0%</u>	<u>\$ 1,374,920</u>	<u>100.0%</u>	<u>\$ 1,379,525</u>	<u>100.0%</u>
Income tax expense at statutory rate	\$ 443,568	34.0%	\$ 467,473	34.0%	\$ 469,039	34.0%
Tax-exempt interest income and nondeductible interest cost	(9,220)	(0.7)	(29,348)	(2.1)	(12,077)	(0.9)
Other	(18,027)	(1.4)	14,262	1.0	8,477	0.6
	<u>\$ 416,321</u>	<u>31.9%</u>	<u>\$ 452,387</u>	<u>32.9%</u>	<u>\$ 465,439</u>	<u>33.7%</u>

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. **INCOME TAXES** (continued)

The components of income tax expense during the years ended December 31, 1999, 1998, and 1997 were as follows:

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Current tax expense	\$ 384,604	\$ 449,201	\$ 470,991
Deferred tax expense (benefit)	<u>31,717</u>	<u>3,186</u>	<u>(5,552)</u>
	<u>\$ 416,321</u>	<u>\$ 452,387</u>	<u>\$ 465,439</u>

Bancshares records deferred income taxes on the tax effect of temporary differences. Deferred tax assets are subject to a valuation allowance if their realization is less than fifty percent probable. Deferred tax assets (liabilities) were comprised of the following at December 31, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Depreciation	(\$ 129,370)	(\$ 137,708)
Stock dividends	(8,974)	-
Unrealized gains on securities	<u>-</u>	<u>(20,686)</u>
Gross deferred tax liability	<u>(138,344)</u>	<u>(158,394)</u>
Reserve for loan losses	77,901	124,123
Write-downs of foreclosed property	20,793	13,290
Unrealized losses on securities	36,155	-
Deferred compensation	<u>27,510</u>	<u>19,872</u>
Gross deferred tax assets	162,359	157,285
Less: deferred tax asset valuation allowance	<u>-</u>	<u>-</u>
Net deferred tax asset (liability)	<u>\$ 24,015</u>	<u>(\$ 1,109)</u>

8. **EMPLOYEE BENEFITS**

The Bank maintains a 401(k) savings plan for which the majority of its employees are eligible. The employer contributes to the plan based on the discretion of the Board of Directors. The Bank matches 50% of employee contributions up to 6% of each employee's salary. The Bank recognized expenses relating to this plan of approximately \$16,200, \$13,300, and \$13,800 during the years ended December 31, 1999, 1998, and 1997, respectively.

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. **EMPLOYEE BENEFITS** (continued)

The Bank maintains a deferred compensation agreement with several directors. Upon retirement, the Bank will pay the directors their deferred compensation plus interest. The Bank is the owner and beneficiary of several insurance policies covering the lives of these directors.

The Bank also maintains a supplemental executive retirement plan agreement with its president. Upon retirement, or in the event of death, the president, or his designated beneficiary, will receive the benefit over 20 years. The Bank is the owner and beneficiary of an insurance policy covering the life of the president. If employment is terminated "without cause" prior to retirement, the Bank will pay the president his accrued benefit, which is based on the number of months of completed service since January, 1996.

9. **FINANCIAL INSTRUMENTS**

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated statements of financial condition. The contract or notional amounts of these instruments reflect the extent of the Bank's involvement in particular classes of financial instruments.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for financial instruments recorded on its balance sheet.

Unless noted otherwise, the Bank does not require collateral or other security to support financial instruments with credit risk.

Commitments to Extend Credit

Commitments to extend credit are agreements to lend to a customer, as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if it is deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable; inventory; property, plant and equipment; and income-producing commercial properties. At December 31, 1999, unfunded loan commitments totalled approximately \$3,400,000.

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. **FINANCIAL INSTRUMENTS** (continued)

Commitments to Extend Credit (continued)

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. At December 31, 1999, commitments under standby letters of credit totalled approximately \$332,000. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Because these instruments have fixed maturity dates, they do not generally present any significant liquidity risk to the Bank.

The Bank has not been required to perform on any financial guarantees during the past three years. The Bank did not incur any losses on such commitments during either 1999, 1998, or 1997.

The estimated fair values of Bancshares's financial instruments at December 31, 1999 and 1998 were as follows (in thousands):

	1999		1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and due from banks, interest bearing deposits in other banks, and federal funds sold	\$ 2,758	\$ 2,758	\$ 6,111	\$ 6,111
Securities available-for-sale	5,362	5,362	5,085	5,085
Loans receivable (net)	29,750	29,650	28,270	28,283
Accrued interest receivable	565	565	513	513
Financial liabilities:				
Deposit liabilities	30,662	30,597	33,157	33,234
Other borrowed funds	1,000	1,000	628	628
Accrued interest payable	114	114	100	100

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. RELATED PARTY TRANSACTIONS

In the ordinary course of business, certain officers and directors of the Bank and companies in which they have 10% or more beneficial ownership maintain a variety of banking relationships with the Bank. An analysis of activity during 1999, 1998, and 1997 with respect to loans to officers and directors of the Bank is as follows:

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Balance - beginning of year	\$ 1,382,362	\$ 1,213,533	\$ 915,967
Additions	1,705,025	897,008	869,256
Payments	(1,645,751)	(728,179)	(571,690)
Balance - end of year	<u>\$ 1,441,636</u>	<u>\$ 1,382,362</u>	<u>\$ 1,213,533</u>

Included in deposits are deposits from directors, officers, their immediate families, and related companies. These accounts totalled approximately \$1,262,252 and \$1,809,000 at December 31, 1999 and 1998, respectively.

11. RESTRICTIONS OF RETAINED EARNINGS

The Bank, as a state chartered Bank, is subject to the dividend restrictions set forth by the Commissioner. Under such restrictions, the Bank may not, without the prior approval of the Commissioner, declare dividends in excess of the sum of the current year's retained net earnings (as defined) plus the retained net earnings (as defined) from the prior year. At December 31, 1999, the Bank could not declare any additional dividends without the approval of the Commissioner.

12. REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions, by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table on the following page) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 1999, that the Bank meets all capital adequacy requirements to which it is subject.

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. **REGULATORY MATTERS** (continued)

The most recent notification from the Federal Deposit Insurance Corporation (as of December 31, 1998) categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To remain as well capitalized the Bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table below (on the following page). There are no conditions or events since that notification that management believes have changed the institution's category.

The Bank's actual capital amounts and ratios as of December 31, 1999 and 1998 are presented below:

	<u>Actual</u>		<u>For capital adequacy purposes</u>		<u>To be well capitalized under prompt corrective action provisions</u>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
As of December 31, 1999:						
Total capital						
(to risk-weighted assets)	\$ 5,497,335	21.1%	\$ 2,082,080	≥8.0%	\$ 2,602,600	≥10.0%
Tier I capital						
(to risk-weighted assets)	5,167,672	19.9%	1,041,040	≥4.0%	1,561,560	≥6.0%
Tier I capital						
(to average assets)	5,167,672	12.7%	1,632,120	≥4.0%	2,040,150	≥5.0%
As of December 31, 1998:						
Total capital						
(to risk-weighted assets)	\$ 5,962,572	23.0%	\$ 2,072,880	≥8.0%	\$ 2,626,400	≥10.0%
Tier I capital						
(to risk-weighted assets)	5,634,272	21.7%	1,036,440	≥4.0%	1,575,840	≥6.0%
Tier I capital						
(to average assets)	5,634,272	13.9%	1,617,600	≥4.0%	2,022,000	≥5.0%

PEOPLES BANCSHARES OF POINTE COUPEE PARISH, INC. AND SUBSIDIARY
NEW ROADS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. **SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK**

Most of the Bank's business activity is with customers located within Pointe Coupee Parish. Investments in state and municipal securities involve governmental entities within the Bank's market area. As of December 31, 1999, the Bank's receivables from, guarantees of, and obligations from agriculture loans made to sugar cane, cotton, and wheat farmers were considered a concentration. These loans are generally secured by assets or farm crops, and a large majority of these loans are 90% guaranteed by the Farm Service Agency. The loans are expected to be repaid from cash flow or proceeds from the sale of crops. Loan losses arising from lending transactions with farmers compare favorably with the Bank's loan loss experience on its loan portfolio as a whole.

The distribution of commitments to extend credit approximates the distribution of loans outstanding. Commercial and standby letters of credit were granted primarily to commercial borrowers.

The contractual amounts of credit-related financial instruments such as commitments to extend credit, and letters of credit represent the amounts of potential accounting loss should the contract be fully drawn upon, the customer default, and the value of any existing collateral become worthless.

14. **SUPPLEMENTAL EXPENSE ITEMS**

Supplemental expense items during the years ended December 31, 1999, 1998, and 1997 were as follows:

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Director fees	\$ <u>79,350</u>	\$ <u>60,000</u>	\$ <u>64,600</u>
Professional fees	\$ <u>76,750</u>	\$ <u>70,250</u>	\$ <u>69,375</u>

15. BANK ONLY FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 1999 AND 1998

ASSETS

	<u>1999</u>	<u>1998</u>
Cash and due from banks	\$ 738,632	\$ 1,691,500
Interest bearing deposits in other banks	394,000	394,000
Federal funds sold	1,625,000	4,025,000
Securities available-for-sale	4,908,211	4,537,811
Loans, less allowances for loan losses of \$801,545 and \$852,171 at December 31, 1999 and 1998, respectively	29,750,258	28,269,513
Bank premises and equipment, net	626,639	673,598
Accrued interest receivable	561,379	509,126
Foreclosed real estate	144,522	176,925
Other assets	114,348	94,518
Total assets	\$ 38,862,989	\$ 40,371,991

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:

Deposits		
Noninterest-bearing	\$ 7,579,135	\$ 7,064,431
Interest-bearing	24,961,454	26,188,540
Total deposits	32,540,589	33,252,971
Due to parent company	-	600,000
Other borrowed funds	1,000,000	628,000
Accrued interest payable	114,376	100,369
Other liabilities	105,442	115,247
Total liabilities	33,760,407	34,696,587

Stockholder's equity:

Common stock; \$2.50 par value; 1,000,000 shares authorized; 309,677 shares issued and outstanding	774,193	774,193
Capital surplus	2,225,808	2,225,808
Retained earnings	2,167,671	2,634,271
Accumulated other comprehensive income	(65,090)	41,132
Total stockholder's equity	5,102,582	5,675,404
Total liabilities and stockholder's equity	\$ 38,862,989	\$ 40,371,991

15. BANK ONLY FINANCIAL STATEMENTS

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
<u>INTEREST INCOME</u>			
Interest on loans	\$ 2,949,718	\$ 3,006,132	\$ 2,671,661
Interest on available-for-sale securities	293,416	326,163	525,504
Interest on federal funds sold	98,125	76,353	128,333
Interest on deposits in other banks	20,441	24,356	46,310
Total interest income	<u>3,361,700</u>	<u>3,433,004</u>	<u>3,371,808</u>
 <u>INTEREST EXPENSE</u>			
Interest on deposits	1,062,992	1,092,939	1,138,820
Other borrowed funds	26,893	20,946	-
Loan from parent company	15,107	13,516	-
Interest on federal funds purchased	1,863	18,085	297
Total interest expense	<u>1,106,855</u>	<u>1,145,486</u>	<u>1,139,117</u>
 <u>NET INTEREST INCOME</u>	 2,254,845	 2,287,518	 2,232,691
Provision (credit) for loan losses	<u>(57,629)</u>	<u>(46,000)</u>	<u>-</u>
 <u>NET INTEREST INCOME AFTER PROVISION (CREDIT) FOR LOAN LOSSES</u>	 <u>2,312,474</u>	 <u>2,333,518</u>	 <u>2,232,691</u>
 <u>NONINTEREST INCOME</u>			
Service charges on deposit accounts	136,122	122,414	125,120
Other service charges and fees	364,313	321,839	315,775
Net realized gains on sales of available-for-sale securities	8,587	2,505	14,973
Other income	81,468	62,233	168,152
	<u>590,490</u>	<u>508,991</u>	<u>624,020</u>

15. BANK ONLY FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL OPERATIONS
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
<u>NONINTEREST EXPENSES</u>			
Salaries and employee benefits	\$ 889,118	\$ 826,312	\$ 846,795
Occupancy expenses	166,605	160,318	148,939
Data processing expenses	104,024	107,173	72,783
Deposit insurance premiums	17,621	17,022	14,787
Other operating expenses	414,549	389,888	390,139
	<u>1,591,917</u>	<u>1,500,713</u>	<u>1,473,443</u>
<u>INCOME BEFORE INCOME</u>			
<u>TAX EXPENSE</u>	1,311,047	1,341,796	1,383,268
Income tax expense	<u>423,607</u>	<u>444,426</u>	<u>465,439</u>
<u>NET INCOME</u>	887,440	897,370	917,829
<u>OTHER COMPREHENSIVE INCOME</u>			
Unrealized holding gains (losses) arising during the period, net of taxes	(97,635)	22,121	-
Less: reclassification adjustment for realized gains	(8,587)	(2,505)	(14,973)
	<u>(106,222)</u>	<u>19,616</u>	<u>(14,973)</u>
<u>COMPREHENSIVE INCOME</u>	<u>\$ 781,218</u>	<u>\$ 916,986</u>	<u>\$ 902,856</u>

16. PARENT ONLY FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 1999 AND 1998

ASSETS

	<u>1999</u>	<u>1998</u>
Cash in subsidiary bank	\$ 1,878,124	\$ 96,458
Securities available-for-sale	454,202	547,231
Accrued interest receivable	3,541	4,003
Due from subsidiary bank	-	600,000
Other assets	2,624	503
Investment in subsidiary bank	5,102,582	5,675,404
Total assets	<u>\$ 7,441,073</u>	<u>\$ 6,923,599</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Due to subsidiary bank	\$ 675	\$ 6,767
Other liabilities	-	1,193
Total liabilities	<u>675</u>	<u>7,960</u>

STOCKHOLDERS' EQUITY

Common stock; \$2.50 par value; 1,000,000 shares authorized; 309,677 shares issued; and 308,977 and 308,577 shares outstanding at December 31, 1999 and 1998, respectively	774,193	774,193
Capital surplus	1,530,320	1,525,808
Retained earnings	5,214,344	4,588,482
Accumulated other comprehensive income	<u>(70,183)</u>	<u>40,156</u>
	7,448,674	6,928,639
Less: 700 shares and 1,100 shares held in treasury at December 31, 1999 and 1998, respectively - at cost	<u>(8,276)</u>	<u>(13,000)</u>
Total stockholders' equity	<u>7,440,398</u>	<u>6,915,639</u>
Total liabilities and stockholders' equity	<u>\$ 7,441,073</u>	<u>\$ 6,923,599</u>

16. PARENT ONLY FINANCIAL
STATEMENTS

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
<u>INCOME</u>			
Interest on available-for-sale securities	\$ 26,216	\$ 32,175	\$ -
Interest on loan to subsidiary	15,107	13,516	-
Dividends from subsidiary	<u>1,354,040</u>	<u>1,473,394</u>	<u>208,000</u>
	<u>1,395,363</u>	<u>1,519,085</u>	<u>208,000</u>
<u>EXPENSES</u>	<u>47,757</u>	<u>12,567</u>	<u>3,743</u>
<u>INCOME BEFORE EQUITY (DEFICIT)</u>			
<u>IN UNDISTRIBUTED EARNINGS</u>			
<u>OF SUBSIDIARY</u>	1,347,606	1,506,518	204,257
Equity (deficit) in undistributed earnings of subsidiaries	<u>(466,600)</u>	<u>(576,024)</u>	<u>709,829</u>
<u>INCOME BEFORE INCOME TAX</u>			
<u>EXPENSE (BENEFIT)</u>	881,006	930,494	914,086
Income tax expense (benefit)	<u>(7,286)</u>	<u>7,961</u>	<u>-</u>
<u>NET INCOME</u>	888,292	922,533	914,086
<u>OTHER COMPREHENSIVE INCOME</u>			
Unrealized holding gains (losses) arising during the period, net of taxes	(101,752)	21,145	11,888
Less: reclassification adjustment for realized gains	<u>(8,587)</u>	<u>(2,505)</u>	<u>(523)</u>
	<u>(110,339)</u>	<u>18,640</u>	<u>11,365</u>
<u>COMPREHENSIVE INCOME</u>	<u>\$ 777,953</u>	<u>\$ 941,173</u>	<u>\$ 925,451</u>

16. PARENT ONLY FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net income	\$ 888,292	\$ 922,533	\$ 914,086
Adjustments to reconcile net income to net cash provided by operating activities:			
Net accretion of investment security discounts / amortization of investment security premiums	1,404	-	-
Decrease (increase) in accrued interest receivable	462	(4,003)	-
Increase (decrease) in other liabilities	(7,285)	7,457	-
Undistributed earnings of subsidiaries	466,600	576,024	(709,829)
Net cash provided by operating activities	<u>1,349,473</u>	<u>1,502,011</u>	<u>204,257</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Purchases of available-for-sale securities	-	(5,085,242)	-
Proceeds from maturities of available-for-sale securities	85,387	4,537,035	-
Advancement of funds to subsidiary	-	(600,000)	-
Repayment of funds from subsidiary	600,000	-	-
Net cash provided by (used in) investing activities	<u>685,387</u>	<u>(1,148,207)</u>	<u>-</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Dividends paid	(262,430)	(262,288)	(200,575)
Proceeds from sales of treasury stock	9,236	-	-
Net cash used in financing activities	<u>(253,194)</u>	<u>(262,288)</u>	<u>(200,575)</u>
Increase in cash	1,781,666	91,516	3,682
Cash - beginning of year	96,458	4,942	1,260
Cash - end of year	<u>\$ 1,878,124</u>	<u>\$ 96,458</u>	<u>\$ 4,942</u>